

# Annual Report 2022



# AS Uglands Rederi



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**THE OBJECTIVE OF THE J.J. UGLAND COMPANIES IS TO CONDUCT BUSINESS IN A SUSTAINABLE AND PROFITABLE MANNER THAT SECURES EMPLOYMENT AND CREATES CONFIDENCE AND TRUST AMONG PARTNERS, CUSTOMERS AND FINANCIAL INSTITUTIONS**

## Message from the Owner

After my grandfather passed away in early 2010 and his wife Ellen later the same year, a board of trustees with Jørgen Lund as Chairman, have been in charge and managed my shares until I turned 35 years old in October 2021. This long-term plan has worked as intended and I feel ready to take the helm.

I feel humble and proud to be in charge of a group of companies with so many experienced and dedicated employees, both on and off shore. Even though we experienced a down cycle that lasted for quite some time and ended in the beginning of 2021, our employees managed all our activities in an excellent way and put us in a perfect position to take advantage of the up cycle we have experienced post covid. We have a high-quality owned fleet consisting of 12 bulkers, 12 barges, two PSVs and our heavy lift vessel Uglen. We also continue our ship management activities in Canada.

We have sold two supramax bulk carriers lately, one in December 2022 and one in February this year, due to strong second-hand prices. We are also looking at selling more, if we feel the timing is right. At the same time, we are constantly considering and in dialogue with shipyards to find newbuilds that will increase our fleet and make it even more prepared and compliant with the strict emission requirements in the future.

2022 will be remembered as the year when Russia invaded Ukraine and we are now experiencing war in Europe. This unlikely scenario teaches us that we must be prepared for the worst and really embrace the good times. Even if the war has impacted strongly on energy prices and hence higher inflation and uncertain times, we have managed to deliver one of the best financial years in the history of The J. J. Ugland Companies. The largest contributor was of course the bulk carriers, but also Uglen did very well.

The latest addition to our group of companies is Ugland Kapital AS, which purpose is to be a financial investor where the risk profile will balance out the more cyclical shipping and offshore industry. This company has grown rapidly since inception and is now a substantial part of our balance sheet in The J.J. Ugland Companies.

We also started the building process of the new and top modern barn for our dairy cows. This barn has been a dream for many years and before summer 2023 this building will be complete, and the farm is ready to meet future requirements for animal husbandry.

Knut N. T. Ugland  
Owner



FROM THEIR HEADQUARTERS LOCATED AT VIKKILEN IN  
GRIMSTAD, NORWAY,  
THE FAMILY OWNED AS UGLANDS REDERI, FOUNDED  
IN 1930, AND ITS SUBSIDIARIES PROVIDE WORLDWIDE  
SHIPPING SERVICES

## The J.J. Ugland Companies - AS Uglands Rederi

### The Board:



Jørgen Lund  
Chairman



Knut N.T. Ugland  
Deputy Chairman



Øyvind R. Boye



Peter D. Knudsen



Bjørn Bodding

### The J.J. Ugland Companies presently incorporate:

- 34 owned or operated units totalling about 1.2 million deadweight tonnes.
- Of this, 12 supramax and ultramax bulk carriers, 12 sea-going barges, two platform service vessels (PSV's) and one heavy lift, self-propelled crane vessel, totalling 0.9 deadweight tons, are wholly or partly owned by the Group.
- Furthermore, our Canadian subsidiary has agreements with other owners for the management, operation and manning of two advanced tankers equipped for offshore bow loading, two tugboats, one icebreaking special bulk carrier, one product tanker and one cargo and passenger ferry.
- A commercial pool for their fleet of supramax/ultramax bulk carriers based on charter agreements for the transportation of iron ore, coal/coke, cement/clinker, grain, alumina, steel, scrap, salt and other commodities.
- A technical and commercial operation complying with the ISM-code, ISPS-code, ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018.
- A strong customer base in the offshore industry for their barge fleet and the self-propelled heavy lift crane vessel Uglen.
- AS Nymo with a proven track record in engineering, procurement and construction (EPC) of modules and equipment for the offshore industry. Nymo is also focusing on the green transition and has together with partners established a company developing technology for floating offshore wind turbines.
- A fully integrated and professionally managed organisation in Norway and in St. John's, Canada.

## The Board of Director's Report

### Introduction

From its headquarters in Grimstad, Norway, the family-owned AS Uglands Rederi and its subsidiaries provide worldwide shipping services. At the end of 2022, the company's fleet comprised 35 owned or operated units with an aggregate tonnage of 1.2 million deadweight tonnes. Of this, 13 supramax and ultramax bulk carriers, 12 sea-going barges, two platform service vessels (PSV's) and one heavy lift, self-propelled crane vessel, totalling 0.9 million deadweight tons, were wholly or partly owned by the Group. The vessels in which the Group has more than 50 per cent ownership are specified in Note 2. Furthermore, our Canadian subsidiary has agreements with other owners for the management, operation and manning of two advanced tankers equipped for offshore bow loading, two tugboats, one icebreaking special bulk carrier, one product tanker and one cargo and passenger ferry.

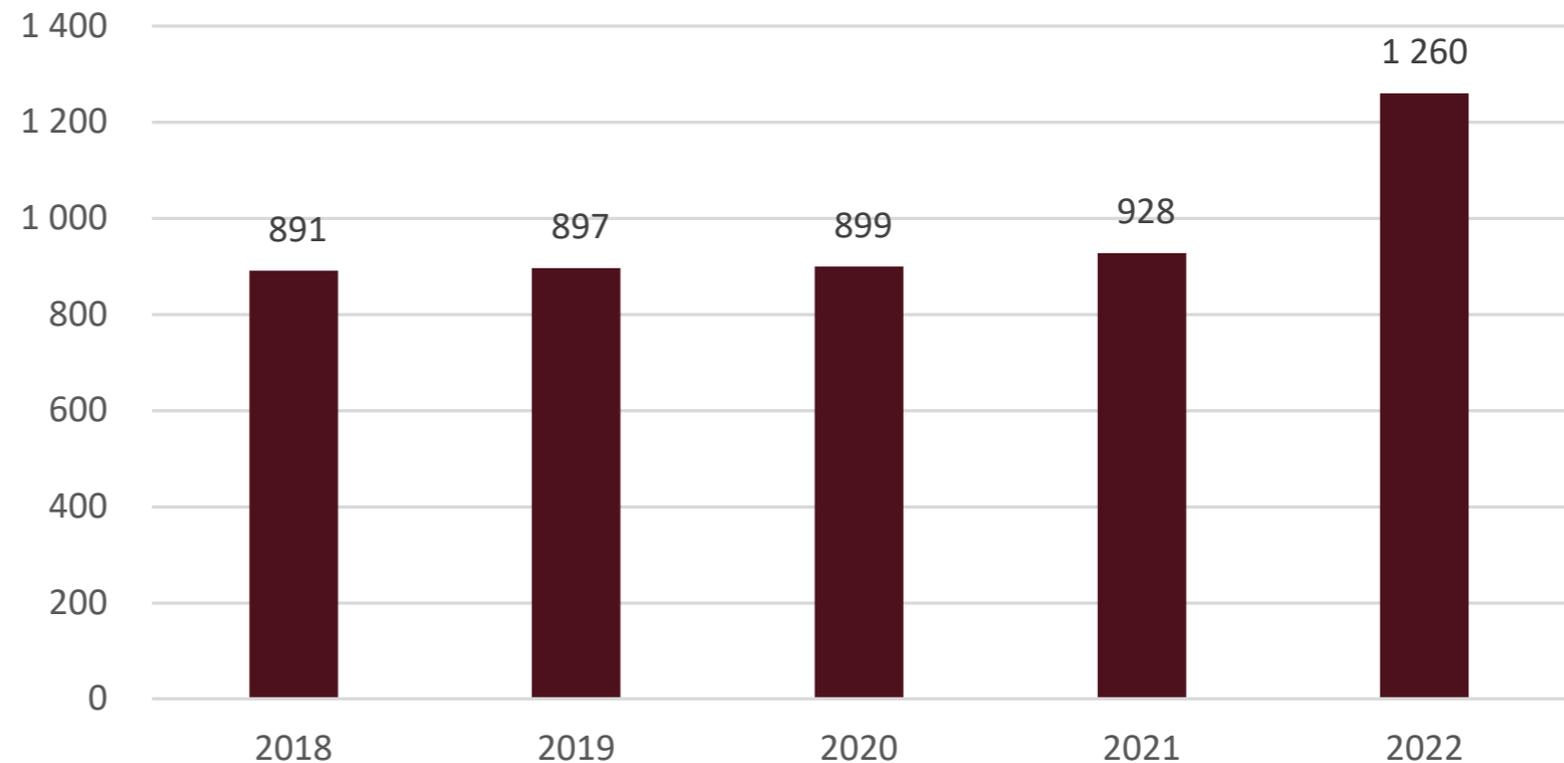
The companies' main objective is to conduct their operations in a sustainable and profitable manner that secures employment and builds confidence and trust with partners, customers and financial institutions from a long-term perspective. This involves a focus on stable income streams, safety, the environment and quality-assurance of operations.

### Earnings, Finance and Risk

The 2022 financial statements have been prepared based on the going concern assumption.

The figures stated below include both the parent company and

### Operating income (NOK million)

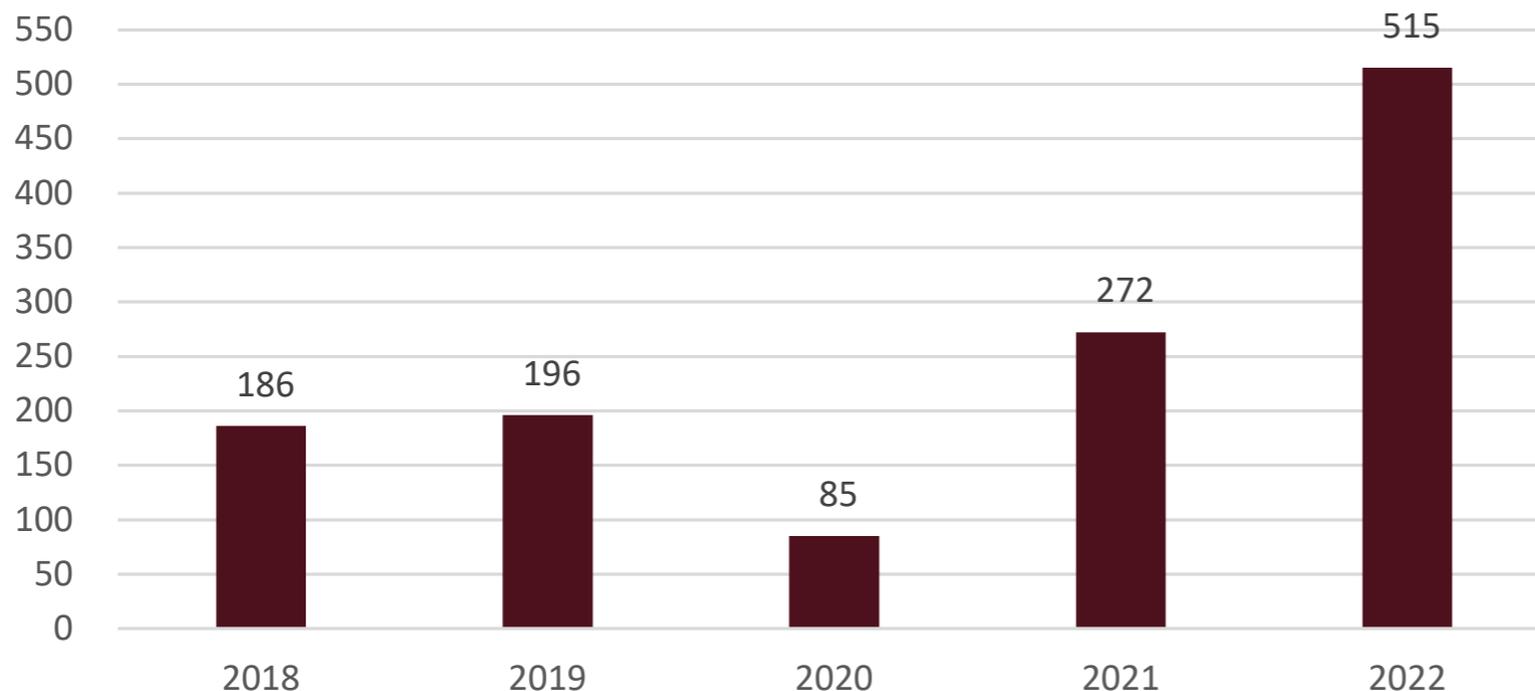


its subsidiaries. The 2021 figures are indicated in parenthesis.

In 2022, the company posted operating income of NOK 1 260 million (NOK 928 million), which includes gain on sale of one bulk carrier of NOK 78 million. Operating expenses totalled NOK 851 million (683). The operating result before

depreciation and impairments and reversal of previous impairments (EBITDA) came in at NOK 515 million (272), while the operating result (EBIT) closed on NOK 409 million (245). Total depreciation and amortisation recognised in the financial statements amounted to NOK 106 million (100). In light of developments in the company's markets, the Board

## EBITDA - Operating results before depreciation (NOK million)



and management have evaluated the need to recognise impairment losses or reverse previous impairment losses on vessels and other property, plant and equipment. The market value is considered higher than the book value for the vessels and barges owned by the Group. Net financial items amounted to NOK -25 million (13). The company's share of

the results of the companies UM Bulk AS and Ugland Supplier AS (50 per cent shareholdings), which have investments in respectively bulk carriers and PSVs, are recognised under net financial items. The result for the year before tax and minority interests came in at NOK 384 million (259). After tax expenses of NOK 77 million and minority interests of

### The Management:



Øystein Beisland  
President



Arnt Olaf Knutsen  
Exec. Vice President  
Technical & HRM



Halvor Ribe  
Exec. Vice President  
Finance, Insurance & ICT

Submersible barge UR 93 quayside in Reykjavik during the coldest winter in many years

NOK -1 million, the consolidated result for the year closed on NOK 306 million.

The Group has 5 wholly owned supramax bulk carriers and 4 wholly owned ultramax bulk carriers. The earnings of the bulk vessels are affected by market fluctuations. At the beginning of 2022, the market was in a downward trend. During the first half of the year, the market strengthened again and stayed strong until the autumn. Market developments were linked to increased activity in the world economy. The market corrected down towards the end of the year. Measured in USD, the values of the bulk vessels increased through the second and third quarters before decreasing somewhat in the fourth quarter.

The USD exchange rate was stable against NOK in the first four months of 2022. Thereafter, the USD strengthened considerably before weakening somewhat at the end of the year, leaving the exchange rate at the end of the year substantially above the exchange rate at the beginning of the year.

In December 2022, the bulk carrier *Senorita* was sold and delivered to its new owner. The sale resulted in a gain of NOK 78 million.

During 2022 a total of NOK 227 million were used for amortisation of loans and investments in vessels and other property, plant and equipment.

Ugland Supplier AS, which is jointly and equally owned by Ugland Offshore AS and a Norwegian co-investor, owns two





◀ Total project for Bladt Industries during summer 2022, installation of offshore wind substation in German waters

platform service vessels (PSVs). In light of developments in the market in which the company's PSVs operate, it has been evaluated whether there is a need to recognise impairment losses or reverse previous impairment losses on the vessels. Broker valuations have been obtained in order to compare the book value as of 31.12 with the market value of the vessels. For both vessels, impairments have previously been made. The recoverable amount is now considered to be significantly higher than the book value for both vessels. Previous impairment losses, taking into account depreciations, have therefore been reversed by a total of NOK 66 million.

UM Bulk AS is jointly and equally owned by AS Uglands Rederi and a foreign co-investor. UM Bulk AS owns two supramax bulk carriers and two ultramax bulk carriers.

Results from the two associates are recognised under other financial items in AS Uglands Rederi's financial statements.

In 2021 and 2022, the subsidiary company Ugland Shipping AS has had a dialogue with the Norwegian Tax Administration on the principle of taxation of its activities. The Norwegian Tax Administration has raised questions about whether the activities in 2018, 2019 and 2020 should have been ordinarily taxed rather than taxed under the Norwegian tonnage tax regime. In August 2022, the company received a decision from the Norwegian Tax Administration that the company must submit tax returns in accordance with the ordinary taxation rules for these years. As a result of this decision, it has for the Group been calculated a deferred tax liability of NOK 77 million, which is expensed in the 2022 financial statements. The company disagree with the decision and has appealed to the Tax Appeals Board.



HLV Uglen performed several lifts for Aker Solutions for the Hywind Tampen project during the first part of 2022

AS Uglands Rederi and its subsidiaries have satisfactory liquidity, well adapted to the company's activities. The ratio of current assets to current liabilities as at 31.12.2022 was 2.0. At short notice, the company can also access a loan under an unused credit facility. As of 31.12.2022, the unused credit facility amounted to NOK 153 million. Non-current interest-bearing liabilities comprised NOK 450 million of a total consolidated group balance of NOK 2 651 million.

At NOK 1 744 million, recognised equity constitutes 66 per cent of total assets.

The parent company AS Uglands Rederi posted a profit for the year of NOK 1 155 586 111. In 2022 it was recorded, a dividend of NOK 1 150 000 000 from the subsidiary company Uglend Shipping AS, a group contribution of NOK 160 575 from Uglend Marine Management AS and a group contribution of NOK 140 000 000 to J.J. Uglend Holding AS.

### Bulk Carriers

All wholly owned bulk carriers are commercially operated by Uglend Bulk Transport AS (a flow through company owned by J.J. Uglend Holding AS, with the trading name UBULK Pool), while Uglend Marine Services AS is responsible for the technical management of the vessels. A breakdown of the fleet is provided in note 2. At the reporting date, the pool operated 9 pool vessels with an average age of about 8.5 years. In 2022, pool revenues totalled NOK 887 million. In addition, Uglend Marine Services AS is responsible for technical and commercial management of the bulk carriers Belita, Olita, Ellenita and Lunita, which are owned by UM Bulk AS.

As a consequence of low fleet growth, high demand for raw materials and logistical problems in many ports due to Covid-19, the dry cargo market was satisfactory for much of 2022. The market became strong in the second and third quarters, but fell back towards the end of the year. We have been well positioned and have fixed some vessels for short-term periods at high rates, while one vessel was deployed on index rate in 2022. Furthermore, five vessels were fixed on TCs at good rates, from 12 to 24 months duration. We are continuously considering additional coverage, but already have a coverage for 2023 of over 50 per cent. The company's long-term objective of achieving a mix of short-term and longer term charter parties remains unchanged.

The bulk carrier *Senorita*, built in 2008, was sold and delivered to new owner in December 2022. Furthermore, at the beginning of 2023, an agreement was entered into for the sale of the bulk carrier *Bonita*, built in 2010, with delivery made in February 2023. The sales are part of our bulk fleet renewal plan.

The Group has no newbuilds on order as per 31 December 2022.

### PSV

The PSV *Juanita* is on time charter to Equinor until June 2023, with options until June 2024. In connection with the agreement with Equinor, a battery/hybrid system has previously been installed onboard *Juanita*, making the vessel more energy-efficient and environmentally friendly.

The PSV *Evita II* is on time charter to TotalEnergies UK for

operation in the UK sector of the North Sea. The contract has a duration until October 2023. An agreement has been signed with Vestland Management AS, Austevoll for commercial and technical management of the vessel.

Ugland Offshore AS and Ugland Marine Services AS are responsible for the commercial and technical management of Juanita on behalf of Ugland Supplier AS.

### Barges & Crane Vessel

The Group's 12 barges and the heavy lift crane vessel Uglen are operated in the Ugland Construction AS pool.

The 2022 sales for the heavy lift crane vessel Uglen increased in 2022. In 2022, the crane vessel Uglen performed assignments along the Norwegian Coast, in Denmark, Germany, The Netherlands and in Poland. In spring 2014 Uglen was refurbished and its lifting capacity upgraded from 600 tons to 800 tons. The upgraded lifting capacity has increased the vessel's market opportunities.

The barges traded along the Norwegian Coast, in Skagerrak and the North Sea, on the west coast of England, to France and to Iceland. The main market areas have been projects related to wind turbines and offshore related projects. The rate level for the barges has been low. The result from the operation of the barge fleet has thus been weak.

### Insurances

In 2022, the hull and machinery, hull/freight interest and

"Loss of Hire" insurances were renewed until 30 November 2023. The P&I insurance expires on 20 February 2024. War risk insurance is covered by Den Norske Krigsforsikring for Skib. The Group has entered into an agreement on directors and officers liability insurance.

The total insurance coverage for the Group's fleet is NOK 4.9 billion.

### Administration, Health and Environment

Ugland Marine Services AS is the commercial and technical manager of the bulk carriers, one PSV vessel, 12 barges and the heavy lift crane vessel Uglen.

Ugland Marine Services AS owns 100 per cent of the shares in Ugland Marine Management AS, which is the crewing company for the shipping and offshore activities out of Grimstad and 51 per cent of the shares in Canship Ugland Ltd. in St. John's, Newfoundland, which is the technical, administration and crewing company for the Canadian activities. Canship Ugland Ltd., has management agreements for one icebreaking bulk carrier, one cargo and passenger ferry, one product tanker and two tugboats operating in Canada as well as two shuttle tankers operating internationally.

At the end of 2022, a total of 538 persons were employed in the companies.

Office staff included 54 personnel employed by Ugland Marine Services AS in Grimstad and Stavanger and 23 personnel employed by Canship Ugland Ltd. Around 30 per cent of our

total office staff are women. Vacancies are filled with the best qualified individuals, and the same practice is also used to avoid discrimination. The company employed 461 seafaring personnel including 274 Filipinos, 135 Canadians, 45 Norwegians, 4 Ukrainians and 3 Swedes. Crew members' nationality reflects the vessels' trade areas, where the company has a long-standing partnership with a Philippine recruitment agency for vessels trading in international waters. The seafarers are employed on contracts complying with approved wage agreements in their respective countries.

The Group has procedures and guidelines allowing employees to report any censurable conditions without fear of reciprocation. All reported matters are followed up through a specific investigation. If the investigation confirms the existence of censurable conditions, remedial actions will be implemented. Reporting routines are implemented based on Norwegian law. The Group has additionally arranged training courses for employees and introduced routines to prevent corruption. The Group also contributes to measures to prevent money laundering. The Group supports the ten principles of the Global Compact, a UN initiative which focuses on universally sustainable business principles, irrespective of where business is conducted. Important areas covered in the Global Compact include human rights, labour standards, environment and anti-corruption, both within the company and for the company's subcontractors. As a member of the Global Compact, the Group follows the Global Reporting Initiative as a standard for reporting and communicating the Group's work within the ten principles of the Global Compact. The Group's report is published on the website [www.jjuc.no](http://www.jjuc.no). For information related to the Transparency Act, please refer



◀ MV Sarita built in 2019

to the same website.

No vessels were involved in any accidents causing serious damage or injuries, or environmental pollution during 2022. Absence due to illness onboard and onshore amounted to 1.4 per cent and 1.6 per cent respectively. We accord safeguarding of lives, health and the environment the highest priority and continually strive to further reduce the risk of accidents and pollution. Two LTI (“Lost-Time-Injury”) were reported in 2022, which is above the Group’s target.

The Covid-19 situation has led to challenges with crew changes on our vessels. The situation gradually improved through 2022 and towards the end of the year, the situation was largely back to normal. Similarly, Covid-19 quarantine and restrictions caused some dry dockings to take significantly longer time than normal, with the consequence of loss of income.

Shipping is an environmentally friendly mode of transport. Nonetheless, a number of measures can still be implemented to further reduce any negative impacts on the environment. The shipping industry is encountering increasingly stringent environmental requirements and demands from both the authorities and customers. Based on the “Greenhouse Gas Strategy” up to 2050, IMO aims at reducing the carbon intensity by 40 per cent within 2030 and 70 per cent within 2050. Among the measures to be implemented to achieve this goal is the introduction of the Energy Efficiency Existing Ship Index (EEXI) from 01.01.2023. All vessels above 400 gross tonnes fall under this requirement. The index describes CO<sub>2</sub> emissions per tonne mile. Vessels exceeding the require-

ments must undertake measures or reduce speed. In order to comply with the EEXI requirements before renewal of certificates in 2023, an "Engine Power Limitation" has been acquired to the vessels that do not achieve the requirements. In parallel with this, a Carbon Intensity Indicator (CII) will also be introduced. Reduced speed and thus consumption (through "de-rating" or "engine power limitation" of the main propulsion machinery) has been mentioned as a solution to get within the requirements in the first place. Furthermore, it is required to make annual reductions in the years to come. Maintaining a clean hull with the help of "High Efficiency Antifouling" could be a tool and combined with the newly developed Jotun and Kongsberg HullSkater, this could prevent growth on the hull for a 5-year period. We have installed and are now testing such a machine on Livita. CII will be an index for how the vessel is operating throughout the year, and not as EEXI which is in the direction of design and fixed values. The EEXI process is divided into different phases: "Assessment, Adaption, Compliance". The first two had to be carried out by October 2022 and the third must be carried out by the end of 2023. CII will run from 2023 to 2030. The new requirements do not currently apply to PSV vessels.

The company has great focus on the environment and has prepared a dedicated environmental policy and defined procedures and practices to achieve its environmental targets. Every year, we set specific targets designed to prevent or reduce negative impacts on the environment. Harmful emissions and energy consumption are recorded and subsequently accounted for in an annual report. In 2018, we installed a battery/hybrid system onboard PSV Juanita which has reduced the vessel's carbon emissions both in

transit and while on DP. The vessel can be connected to onshore power when it is moored at quay. We are monitoring the development of new green technology for the propulsion of vessels. We are also looking at possible measures for our existing vessels. In recent years, the company has invested in new modern bulk vessels with significantly lower fuel oil consumption. We are also keeping a close eye on what is happening with regards to new ship designs and what will be the future fuel.

Ugland Marine Services AS, Canship Ugland Ltd. and the vessels are certified according to IMO's "International Ship Management Code" (ISM). The vessels are also certified in compliance with "The International Ship and Port Security Code" (ISPS). Both companies are also certified to ISO 9001:2015 Quality Management, ISO 14001:2015 Environmental Management and ISO 45001:2018 Occupational Health and Safety Management System.

### Outlook

With our modern and low-mortgaged fleet, the Board of Directors considers the company to be well equipped for the future.

It has previously been described how the dry bulk market has developed through 2022. Towards the end of 2022 and the beginning of 2023, the market and ship values have fallen back. In the aftermath of the Chinese New Year, many analysts expect the market to improve. The dry bulk vessels order book is historically low and demand for seaborne transport is rising. Nevertheless, the Board assumes that the

bulk market will be lower on average in 2023 compared to 2022.

The wholly owned supramax/ultramax dry bulk vessels, most of whose capacity is fixed on time charter parties to reputable charterers, will continue to operate in the Ugland Bulk Transport AS pool. Three of the vessels are chartered out on TC agreements until the end of 2023. The contract coverage for the wholly owned bulk vessels for 2023 is about 55 per cent.

The four vessels owned by UM Bulk AS have been fixed on longer TC agreements.

There are long-term TC agreements between UM Bulk AS and Ugland Bulk Transport AS for the bulk carriers Olita and Belita. Both vessels are further fixed on longer TC agreements to a solid charterer.

The company has utilised the low newbuild prices over the past years to order several newbuilds at favourable prices. As part of our fleet renewal plan, the bulk carrier Seniorita was sold toward the end of 2022 and at the beginning of 2023, we entered into an agreement for the sale of the bulk carrier Bonita. Both vessels were sold at good prices, after having been fixed at profitable/good? charter parties in 2021 and 2022.

Thanks to our fleet of modern, high-quality vessels, we are well positioned, to take advantage of the market, which we expect to be good over the years ahead. A low order book over the next couple of years gives reason to optimism for the

market going forward.

Active efforts are being made to keep control of the vessels operating expenses and at the same time focus on quality and limit technical off hire. The challenges with crew changes, costly airfares together with increased costs for spare parts and at repair yards, have resulted in increased operating expenses in 2022. We expect some of these factors to be temporary and that it is possible to reduce costs in 2023.

We have largely eliminated operational problems resulting from the transition to low-sulphur marine fuel by replacing lubricant oil systems.

The barge fleet is expected to encounter somewhat higher activity in 2023 compared to 2022 due to several contracts

within transport of offshore wind turbine components. Nevertheless, we also expect 2023 to be a challenging year for the barge fleet. Uglen had higher revenues in 2022 than budgeted. In 2023, the turnover for the crane vessel will probably be somewhat below the turnover achieved in 2022.

The PSV market strengthened through 2022. We believe this will continue in 2023. The value of a 10-year-old PSV increased by around 100 per cent through 2022. The PSV vessel Juanita is contracted to Equinor until June 2023, with options until June 2024. The charter rate is satisfactory. As previously mentioned, a battery/hybrid system was installed onboard Juanita in 2018. Evita II is fixed on a time charter contract to TotalEnergies UK for operation in the UK sector of the North Sea. The contract has a duration until October 2023.

We are optimistic about the PSV market for the next years and are well positioned to take advantage of this.

Our main priorities are safeguarding lives, the environment, vessels and cargo. Long-term relationships, financial solvency and liquidity are also high on our agenda.

Good customer relationships and financial strength, combined with experienced and dedicated employees, make AS Uglands Rederi and its subsidiaries a robust and serious player in their targeted market segments.

The Board of Directors would like to take this opportunity to thank our employees both at sea and onshore for their continued contributions to the safe operation of the company's vessels.

## Grimstad, 23 February 2023

Peter D. Knudsen

Bjørn Bodding

Jørgen Lund  
Chairman

Øystein Beisland  
President

Knut N. T. Ugland  
Deputy Chairman

Øyvind R. Boye

## Income statement 01.01.-31.12 (NOK)

Consolidated			AS Uglands Rederi		
2022	2021	NOTE	NOTE	2022	2021
830 390 451	585 334 699			141 278	136 500
429 337 716	342 983 219			0	0
<b>1 259 728 167</b>	<b>928 317 918</b>	<b>2</b>		<b>141 278</b>	<b>136 500</b>
-422 691 436	-384 197 438	3	3	-884 275	-884 275
-106 373 144	-100 446 172	4		0	0
0	73 264 577			0	0
-321 752 605	-271 823 065			-23 337 809	-12 319 514
<b>-850 817 185</b>	<b>-683 202 098</b>			<b>-24 222 084</b>	<b>-13 203 789</b>
<b>408 910 982</b>	<b>245 115 820</b>			<b>-24 080 806</b>	<b>-13 067 289</b>
23 332 551	15 130 171	6	6	23 323 584	15 134 976
0	0			1 150 160 575	204 717 435
0	0			-1 755 708	10 799 170
9 703 575	4 401 372			7 785 334	4 623 838
274 240	9 166 890	13	13	260 882	3 240 200
-17 664 323	-12 648 783			-4 653 706	-12 569 932
-40 474 052	-2 571 479	13	13	-456 921	-1 847 718
<b>-24 828 009</b>	<b>13 478 171</b>			<b>1 174 664 040</b>	<b>224 097 969</b>
<b>384 082 972</b>	<b>258 593 991</b>			<b>1 150 583 234</b>	<b>211 030 680</b>
-77 350 695	2 595 966	10	10	5 002 877	902 945
<b>306 732 277</b>	<b>261 189 957</b>			<b>1 155 586 111</b>	<b>211 933 625</b>
-576 738	1 591 338	11			
<b>306 155 539</b>	<b>262 781 295</b>				
			11	1 015 586 111	11 933 625
			11	140 000 000	200 000 000
				<b>1 155 586 111</b>	<b>211 933 625</b>

## Balance sheet as of 31.12. - Assets (NOK)

Consolidated			AS Uglands Rederi		
2022	2021	NOTE	NOTE	2022	2021
			<b>ASSETS</b>		
0	0	10	Deferred tax assets	5 086 773	83 896
<b>0</b>	<b>0</b>		<b>Total intangible fixed assets</b>	<b>5 086 773</b>	<b>83 896</b>
1 547 749 665	1 765 552 543	4	Vessels and vessel equipment	0	0
8 401 580	2 237 480	4	Other tangible fixed assets	917 034	817 034
<b>1 556 151 245</b>	<b>1 767 790 023</b>		<b>Total tangible fixed assets</b>	<b>917 034</b>	<b>817 034</b>
0	0		Investments in subsidiaries	1 364 384 293	213 384 293
217 999 248	194 666 698	6	Investments/shares in other companies	216 413 870	193 090 286
213 805 320	203 045 453	7	Long-term receivables	452 635 362	580 156 091
<b>431 804 568</b>	<b>397 712 151</b>		<b>Total financial fixed assets</b>	<b>2 033 433 525</b>	<b>986 630 670</b>
<b>1 987 955 813</b>	<b>2 165 502 174</b>		<b>Total fixed assets</b>	<b>2 039 437 332</b>	<b>987 531 600</b>
189 077 582	83 641 017		Other receivables	105 739 304	220 083 506
<b>189 077 582</b>	<b>83 641 017</b>		<b>Total receivables</b>	<b>105 739 304</b>	<b>220 083 506</b>
473 942 541	334 972 598		Bank deposits	321 182 972	106 728 217
<b>663 020 123</b>	<b>418 613 615</b>		<b>Total current assets</b>	<b>426 922 276</b>	<b>326 811 723</b>
<b>2 650 975 936</b>	<b>2 584 115 789</b>		<b>Total assets</b>	<b>2 466 359 608</b>	<b>1 314 343 323</b>

Continues 



## Cash flow statement (NOK)

Consolidated				AS Uglands Rederi		
2022	2021	NOTE		NOTE	2022	2021
384 082 972	258 593 990		Operating result before tax		1 150 583 234	211 030 680
-23 332 551	-15 130 171	6	Result from associated companies	6	-23 323 584	-15 134 976
-18 421	-17 482	10	Tax paid	10	0	0
-77 509 267	-15 350 759		Gain/loss on sale of assets/shares		15 000	0
106 373 144	100 446 172	4	Ordinary depreciations		0	0
0	-73 264 577		Reversal of impairment losses		0	0
46 835 322	12 593 277		Currency adjustments		866 388	-1 486 864
-32 445 687	16 746 065		Changes in other accruals		448 893 460	38 667 832
<b>403 985 512</b>	<b>284 616 515</b>		<b>Net cash flow from operating activities</b>		<b>1 577 034 498</b>	<b>233 076 672</b>
154 794 436	17 003 515		Cash inflow, sale of assets		0	0
0	0		Cash inflow/outflow, investment in subsidiary company		-1 151 015 000	-40 030 000
0	-16 250 000		Cash outflow, investment in associated company		0	-16 250 000
-22 103 946	-21 937 792	4	Cash outflow, purchase of assets	4	-100 000	0
7 605 552	105 862 754		Cash inflow/outflow long-term receivables		193 490 100	222 475 427
<b>140 296 043</b>	<b>84 678 477</b>		<b>Net cash flow from investing activities</b>		<b>-957 624 900</b>	<b>166 195 427</b>
-204 954 842	-122 581 939		Amortization of long-term debt		-204 954 842	-122 581 939
0	162 245 000		Cash inflow, long-term debt		0	162 245 000
-200 000 000	-345 000 000		Cash outflow, dividend/group contribution		-200 000 000	-345 000 000
-356 769	-340 060		Cash outflow, minority interests		0	0
<b>-405 311 611</b>	<b>-305 676 999</b>		<b>Net cash flow from financing activities</b>		<b>-404 954 842</b>	<b>-305 336 939</b>
<b>138 969 943</b>	<b>63 617 994</b>		<b>Net change cash and bank deposits</b>		<b>214 454 755</b>	<b>93 935 160</b>
334 972 598	271 354 604		Cash and bank deposits 01.01		106 728 217	12 793 056
<b>473 942 541</b>	<b>334 972 598</b>		<b>Cash and bank deposits 31.12</b>		<b>321 182 972</b>	<b>106 728 217</b>

## Note 1 - Accounting principles

### General

The Annual Report and Accounts has been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway (Norwegian GAAP). The Annual Report and Accounts is translated into English for information purposes only.

### Consolidation

The consolidated financial statements show the financial position and financial performance of the parent company and its subsidiaries presented as a single economic entity. In the consolidated statements all intercompany transactions and balances have been eliminated. The consolidated accounts have been prepared in accordance with the same accounting principles for both parent and subsidiaries. Foreign subsidiaries are translated into NOK using the rate of exchange as of 31.12. Translation gain or loss is accounted for as change in consolidated equity.

### Operating income/Operating costs

Freight income is recognised at the time of execution, and operating costs are recognised as expenses in the same period as the related income. Costs not related to future income are recorded as expenses as they occur. Allocations for periodical maintenance and classification costs are made over the period up to the actual time of drydocking.

### Classification of assets and liabilities

Fixed assets include intangible, tangible and financial assets intended for long-term ownership and use in the business. Other assets are current assets. Receivables to be paid within a year are always classified as current assets. The same principles are used for the classification of current and long-term liabilities.

Current assets are recognised at the lower of historical cost and net realizable value. Fixed assets are recognised at historical cost, but reduced to net realizable value if and when the reduction is considered permanent.

### Foreign exchange

Monetary items in foreign currency are recognised at the rate of exchange as of 31.12.22, which for NOK/USD was 9.86. As of 31.12.21 the rate of exchange was 8.82.

### Fixed assets and depreciation

Fixed assets are valued at acquisition cost less accumulated depreciation. Fixed assets are depreciated linearly over the estimated economic lifespan, which is 25 years for the bulk carriers, barges and the crane vessel.

If recoverable amount of the fixed asset is lower than the book value, the asset is written down to recoverable amount. Recoverable amount is the higher of net realizable sales value and value in use. Value in use is

## Notes to the accounts

the present value of future cash flows that the asset is expected to generate. Previous impairments made are reversed when the recoverable amount is considerably higher than the book value.

Upgrading costs of owned vessels are capitalized and written off over the remaining estimated economic lifespan.

### Estimates

When preparing the annual accounts in accordance with Norwegian GAAP, management has used estimates and assumptions that has affected the income statement and the valuation of assets and liabilities, including any contingent assets and liabilities as of the balance-sheet date.

### Cash flow

The cash flow statement is prepared under the indirect method.

### Shares

Investments in subsidiaries are valued at acquisition cost.

The group and parent company have chosen to make use of the option to recognise investments in associated companies under the equity method. In the accounts of the parent company, the option is also used for associated companies owned through wholly-owned subsidiaries.

### Taxes and change in deferred tax

Taxes consist of tax payable on the financial result and changes in deferred tax liability/asset. Deferred tax liability/asset is calculated on temporary differences between values for taxation and those used for financial reporting. Tax-increasing and tax-reducing temporary differences are netted if they are reversed or reversible in the same period. A net deferred tax asset is only recorded in the balance sheet when utilization is considered probable.

The bulk shipping activity in the subsidiary company Ugland Bulk Shipping AS is subject to the Norwegian tonnage tax regime for shipping companies. Under the present regime profits derived from shipping operations are tax exempt on a permanent basis. However, finance income can be taxable according to specific rules. Instead of being subject to ordinary tax on profit, the shipping companies are required to pay a tonnage tax based on the net tonnage of its ship portfolio. Deferred tax asset related to financial loss carry-forward in shipping companies is not recorded in the balance sheet as there is uncertainty about its future application.

### Pension schemes with defined future benefits

Pension costs and pension obligations are estimated and recognised on a straight line basis considering final salary. The calculations are based on a number of criteria such as discount rate, estimated future salary increases, pensions and benefits from National Insurance, future return on pension funds as well as actuary assumptions related to age of death and voluntary attrition.

Pension funds are recognised at market value and are deducted in net pension obligations in the balance sheet. Adjustments in pension obligations due to pension scheme changes are distributed over anticipated remaining service period. Any adjustments in the obligations and the pension funds caused by changes and deviations in actuarial assumptions (estimate adjustments) are distributed over estimated average remaining service period, provided that the deviations at the beginning of the year exceed 5% of the higher of the maximum gross pension obligations and pension funds.

### Contribution pension schemes (Unit Link)

Contributions paid are 3-5 percent of salaries between 0G and 7.1G and 8-15 percent of salaries between 7.1G and 12G.

G=statutory basic amount, currently NOK 111 477.

### Operating pension schemes

Liabilities related to operating pension schemes are calculated using the same assumptions as for the defined benefit scheme and are recorded as pension obligations in the balance sheet.

## Note 2 - Fleet / Sales revenue per area of activity

	Year built	DWT	Owner	% Share	Employment
<b>Supramax and Ultramax Bulk carriers</b>					
CARMENCITA	2009	58 773	Ugland Bulk Shipping AS	100	Pool
ISABELITA	2010	58 080	Ugland Bulk Shipping AS	100	Pool
BONITA	2010	58 105	Ugland Bulk Shipping AS	100	Pool
KRISTINITA	2011	58 105	Ugland Bulk Shipping AS	100	Pool
STAR NORITA	2012	58 097	Ugland Bulk Shipping AS	100	Pool
LIVITA	2017	63 532	Ugland Bulk Shipping AS	100	Pool
JORITA	2019	63 532	Ugland Bulk Shipping AS	100	Pool
SARITA	2019	63 597	Ugland Bulk Shipping AS	100	Pool
FERMITA	2020	60 480	Ugland Bulk Shipping AS	100	Pool
<b>Barges</b>					
UR 7	1999	9 750	Ugland Barge Shipping AS	100	Pool
UR 8	1999	9 750	Ugland Barge Shipping AS	100	Pool
UR 93	2001	9 040	Ugland Barge Shipping AS	100	Pool
UR 95	2001	9 025	Ugland Barge Shipping AS	100	Pool
UR 96	2008	9 025	Ugland Barge Shipping AS	100	Pool
UR 97	2008	9 025	Ugland Barge Shipping AS	100	Pool
UR 98	2011	9 025	Ugland Barge Shipping AS	100	Pool
UR 99	2011	9 025	Ugland Barge Shipping AS	100	Pool
UR 141	1993	14 011	Ugland Barge Shipping AS	100	Pool
UR 171	2011	16 800	Ugland Barge Shipping AS	100	Pool
UR 901	2013	9 019	Ugland Barge Shipping AS	100	Pool
UR 902	2013	9 019	Ugland Barge Shipping AS	100	Pool
<b>Crane vessel</b>					
UGLEN	1978	2 600	Ugland Heavylift Shipping AS	100	Pool

Sales revenue per area of activity	Consolidated 2022	Consolidated 2021
Bulk carriers	748 116 350	526 158 015
Barges and crane vessel	49 860 291	28 799 922
Gain on sale of vessels	77 509 267	15 350 759
Invoiced vessel costs/Management fee	384 242 259	358 009 222
	<b>1 259 728 167</b>	<b>928 317 918</b>

The barges and the crane vessel mainly traded in the North Sea.

Income from the bulk carriers was generated world-wide.

The main part of the Invoiced vessel costs/Management fee refers to ship management in the Canadian subsidiary company where the operating expenses for vessels on management are invoiced the ship owners.

## Note 3 - Salaries, number of employees and remuneration

Salaries etc.	Parent Company 2022	Parent Company 2021	Consolidated 2022	Consolidated 2021
Salaries	775 000	775 000	340 607 250	306 468 988
Employment duty	109 275	109 275	24 706 783	22 860 314
Other salary related costs	0	0	37 722 418	35 283 141
Pension costs	0	0	19 654 986	19 584 995
	<b>884 275</b>	<b>884 275</b>	<b>422 691 436</b>	<b>384 197 438</b>

Salaries etc. to the President and Board of Directors	President	Board of Directors
Salaries	2 943 630	775 000
Other benefits	11 878	0

(2021 figures in brackets)	
Average full time employees - office	74 (75)
Average full time employees - seafarers	464 (531)

The president receives his salary from the subsidiary Ugland Marine Services AS. The president and board members do not have share based remuneration, bonus or severance pay.

Pension benefits are accounted for in note 8.

### Auditor

Auditor's remuneration (exclusive of VAT) from the parent company was NOK 121 100 (consolidated 1 062 675). In addition, the auditor received fees related to tax consultancy and accounting advice in the amount of NOK 48 200 (consolidated 1 009 391) and NOK 61 100 (consolidated NOK 182 600) respectively. In addition NOK 117 000, consolidated, was remunerated for other certifications.

## Note 4 - Tangible fixed assets - vessels, vessels under construction and barges / Tenancy agreements

	Parent Company		Consolidated	
	Other Assets	Vessels	Other Assets	Total
Cost price 01.01.	817 034	2 582 080 569	10 395 264	2 592 475 833
Additions	100 000	15 023 650	7 080 296	22 103 946
Disposals	0	-178 720 822	-720 534	-179 441 356
Currency adjustments	0	0	2 128	2 128
<b>Cost price 31.12.</b>	<b>917 034</b>	<b>2 418 383 397</b>	<b>16 757 154</b>	<b>2 435 140 551</b>
Acc. depreciation and impairment	0	-870 633 732	-8 355 574	-878 989 306
<b>Book value 31.12.</b>	<b>917 034</b>	<b>1 547 749 665</b>	<b>8 401 580</b>	<b>1 556 151 246</b>
Depreciations 2022	0	105 587 860	785 284	106 373 144

### Tenancy agreements

AS Uglands Rederi and its subsidiaries have three long-term office tenancy agreements. Total rent recorded through the year was NOK 5 320 692.

## Note 5 - Shares in subsidiaries

	Office	Ownership and voting share	Book Value
Ugland Shipping AS	Grimstad	100%	130 630 500
Ugland Offshore AS	Grimstad	100%	124 023
Ugland Bulk Shipping AS	Grimstad	100%	1 151 000 000
Ugland Barge Shipping AS	Grimstad	100%	19 519 500
Ugland Heavylift Shipping AS	Grimstad	100%	40 030 000
Ugland Marine Services AS	Grimstad	100%	23 080 270
<b>Total</b>			<b>1 364 384 293</b>

## Note 6 - Shares and ownership interests in other companies

Company	Office location	Ownership share	Book Value 01.01.	Additions/ disposals 2022	Share of result after tax	Book Value 31.12
<b>Associated companies:</b>						
UM Bulk AS	Grimstad	50%	88 869 127	0	-5 765 103	83 104 024
Ugland Supplier AS	Grimstad	50%	104 221 159	0	29 088 687	133 309 846
<b>Total parent company</b>			<b>193 090 286</b>	<b>0</b>	<b>23 323 584</b>	<b>216 413 870</b>
Other associated companies			1 576 412	0	8 967	1 585 379
<b>Total consolidated</b>			<b>194 666 698</b>	<b>0</b>	<b>23 332 551</b>	<b>217 999 248</b>

The Canadian subsidiary has the following affiliates with 50% ownership or less:

11030 Newfoundland Inc., Canship Innu Marine GP Inc., Canship Innu Marine Ltd. Partnership, Can Fjord Ferries Ltd. and Can Fjord Holdings Ltd.

Associated companies are recognised under the equity method.

## Note 7 - Receivables, liabilities and related party transactions

	Parent Company		Consolidated	
	2022	2021	2022	2021
Pension funds	0	0	19 211 658	16 926 863
Receivables associated companies	163 786 662	155 448 589	163 786 662	155 448 590
Receivables subsidiaries	288 848 700	424 707 502	0	0
Other receivables falling due after one year	0	0	30 807 000	30 670 000
<b>Total long-term receivables</b>	<b>452 635 362</b>	<b>580 156 091</b>	<b>213 805 320</b>	<b>203 045 453</b>
<b>Other receivables</b>				
Short-term receivables to related parties	103 460 263	0	40 974 491	1 058 446
Group contribution from subsidiary company	160 575	204 717 435	0	0
Short-term receivables in Canship Ugland Ltd.	0	0	98 641 590	68 557 838
Other short-term receivables	1 883 466	366 071	50 768 651	14 024 733
Short-term receivables subsidiary company	235 000	15 000 000	0	0
<b>Total other receivables</b>	<b>105 739 304</b>	<b>220 083 506</b>	<b>190 384 732</b>	<b>83 641 017</b>
<b>Other short-term liabilities</b>				
Group contribution to parent company	-140 000 000	-200 000 000	-140 000 000	-200 000 000
Short-term debt to related parties	-455 181 330	-127 895 110	-39 038 280	-49 448 521
Accounts payable and accrued expenses	0	0	-81 289 916	-46 660 190
Advanced payments from customers - technical management	0	0	-39 014 779	-37 192 661
Salaries and holiday pay owed	-884 275	-1 141 000	-20 355 247	-18 673 226
Other short-term debt	-256 725	0	-2 196 288	-11 780 335
Public taxes and tax deductions	0	0	-9 968 358	-9 542 797
Accrued interest expenses	-8 143 173	-880 135	-7 016 762	-4 303 856
<b>Total other short-term liabilities</b>	<b>-604 465 503</b>	<b>-329 916 245</b>	<b>-338 879 631</b>	<b>-377 601 585</b>

## Note 7 - Receivables, liabilities and related party transactions (continued)

Related parties - transactions	Parent Company		Consolidated	
	2022	2021	2022	2021
<b>Income</b>				
Ugland Marine Services AS - rental income	141 278	136 500	0	0
Ugland Bulk Transport AS - freight income	0	0	748 116 351	526 158 014
Ugland Construction AS - freight income	0	0	49 860 291	28 799 922
J.J. Ugland Holding AS - administration fee	0	0	2 208 000	2 139 000
Vikkilen Industri AS - administration fee	0	0	1 796 549	1 740 000
J.J. Ugland AS - administration fee	0	0	1 796 549	1 740 000
Ugland Kapital AS - fee	0	0	1 032 500	1 000 000
Ugland Bulk Transport AS - other fees	0	0	24 201 309	21 169 262
Ugland Construction AS - other fees	0	0	8 212 500	9 207 500
AS Nymo - other fees	0	0	2 694 825	2 610 000
Ugland Supplier AS - administration fee	0	0	3 171 336	3 064 272
UM Bulk AS - other fees	0	0	11 439 333	10 265 330
UM Bulk AS - interest income	6 805 065	4 563 185	6 805 065	4 563 185
J.J. Ugland Holding AS - interest income	0	0	-301 030	99 159
Ugland Construction AS - interest income	0	0	120 848	99 593
<b>Expenses</b>				
Ugland Marine Services AS - administration fee	-21 646 633	-12 000 000	0	0
Ugland Marine Services AS - interest expenses	-523 715	-541 082	0	0
Ugland Shipping AS - interest expenses	-5 767 709	0	0	0
J.J. Ugland AS - rent	0	0	-3 245 414	-3 135 666
Ugland Bulk Transport AS - interest expenses	0	0	-1 592 312	-543 777

## Note 8 - Provisions and pensions

	Consolidated	
	2022	2021
Provisions for maintenance and classification	39 177 680	40 643 330
Pension obligations	488 229	352 004
<b>Total</b>	<b>39 665 909</b>	<b>40 995 334</b>

The parent company has no employees and therefore no obligations under the compulsory company pension act. Subsidiaries with a staff have a pension scheme which entitles 64 employees to receive defined future pension benefits. Additionally, 91 employees in Norway have joined a contribution pension scheme (Unit Link). All pension schemes are covered through an insurance company and comply with the regulations set forth in the pension act. As from now, pension schemes with defined future benefits are closed and future shore based employees will join the contribution pension scheme (Unit Link). One subsidiary company also has an operating pension scheme agreement.

In addition, a contribution pension scheme (Unit Link) has been entered into for 158 Canadian employees.

	Consolidated	
	2022	2021
Service costs	1 999 445	2 221 761
Interest cost on pension obligations	2 328 371	2 349 871
Expected return on pension funds	-3 918 782	-3 941 032
Amortisation of actuarial gain/loss	4 567 042	5 134 848
Administration costs	1 122 849	847 291
Payment to contribution pension scheme	12 145 448	11 881 484
Social security tax	1 410 612	1 090 772
<b>Net pension costs</b>	<b>19 654 985</b>	<b>19 584 995</b>

Pension obligations operating pension schemes	2022	2021
Projected pension obligation as of 31.12.	-428 989	-506 429
Unrecognised actuarial gain/loss	1 093	197 924
Social security tax	-60 333	-43 499
<b>Recognised gross pension obligation</b>	<b>-488 229</b>	<b>-352 004</b>

	2022	2021
Accrued pension obligations as of 31.12.	-145 504 583	-158 024 515
Pension scheme assets as of 31.12.	143 241 959	134 877 061
Unrecognised actuarial gain/loss	21 474 282	40 074 317
<b>Net pension fund as of 31.12.</b>	<b>19 211 658</b>	<b>16 926 863</b>

Net pension funds are included under long-term receivables in the balance sheet.

Actuarial assumptions	2022	2021
Discount rate	3.20%	1.50%
Assumed return on pension funds	4.90%	2.90%
Assumed salary increase	3.75%	2.25%
Assumed statutory basic amount increase (cf note 1)	3.50%	2.00%
Assumed pension benefit increase	1.60%	1.20%

Estimated voluntary attrition before retirement age is 0-8% for employees under 50 years and zero after 50 years.

The actuarial assumptions are based on demographic factors normally used within the insurance industry.

## Note 9 - Mortgage liabilities/Guarantees/Pledged assets

Liabilities secured by mortgage	Consolidated
Liabilities to financial institutions	449 758 418
Book value of pledged assets	865 767 875

Future income and insurances related to mortgaged assets are pledged as security for liabilities to financial institutions. At short notice, the company can also access a loan under an unused credit facility. As of 31.12.2022, the unused credit facility amounted to NOK 153 377 782. NOK 0 of the group long-term liabilities to financial institutions fall due after 31.12.2027.

The company's loan agreements includes minimum value clause, minimum liquidity and minimum equity requirements. Debt to financial institutions are denominated in USD, with interest rate being the sum of a fixed margin and USD LIBOR 6M.

The company has given guarantees to lenders in associated companies in accordance with their ownership shares.

	Consolidated			
	2023	2024	2025	2026
Debt due	44 474 082	44 474 082	44 474 082	316 336 171

Restricted consolidated bank deposits as of 31.12.2022 amounted to NOK 4 222 250.

## Note 10 - Taxes

	Parent Company		Consolidated	
	2022	2021	2022	2021
<b>Current year's tax expense</b>				
Tax payable	0	0	18 421	48 955
Correction deferred tax 01.01.	0	0	-38 457 735	0
Change deferred tax	-5 002 877	-902 945	115 790 010	-2 644 922
<b>Income tax expense</b>	<b>-5 002 877</b>	<b>-902 945</b>	<b>77 350 695</b>	<b>-2 595 966</b>
<b>Tax payable as of 31.12.</b>				
Recognised tax payable	0	0	18 421	48 955
Prepaid tax Canada	0	0	-18 421	-17 482
<b>Tax payable as of 31.12.</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>31 473</b>
<b>Reconciliation of effective rate and applicable corporate tax rate</b>				
Result for the year before tax	1 150 583 234	211 030 680	384 082 972	258 593 991
Expected income tax, nominal tax rate	253 128 311	46 426 750	84 498 254	56 890 678
<b>Tax effect of the following items</b>				
Non-deductible expenses/non-taxable income	-258 166 515	-48 367 530	31 291 756	-59 535 599
Withholding tax paid	0	0	18 421	17 482
Group contributions	35 327	1 037 836	0	0
Correction deferred tax 01.01.	0	0	-38 457 735	0
Tax on financial result shipping company	0	0	0	31 473
<b>Tax expense</b>	<b>-5 002 877</b>	<b>-902 945</b>	<b>77 350 695</b>	<b>-2 595 966</b>

In 2021 and 2022, the subsidiary company Ugland Shipping AS has had a dialogue with the Norwegian Tax Administration on the principle of taxation of its activities.

The Norwegian Tax Administration has raised questions about whether the activities in 2018, 2019 and 2020 should have been ordinarily taxed rather than taxed under the Norwegian tonnage tax regime. In August 2022, the company received a decision from the Norwegian Tax Administration that the company must submit tax returns in accordance with the ordinary taxation rules for these years. As a result of this decision, a deferred tax liability has been calculated, as shown in this note.

The company disagrees with the decision and has appealed to the Tax Appeals Board.

For companies within the Group that are taxed pursuant to the tonnage tax regime, tax is paid on finance income and high equity ratio according to special rules and defined limits. Instead of ordinary tax on income earned, the company pays a tonnage tax which is recorded as an ordinary operating expense. The tonnage tax of NOK 1 083 008 (2021: NOK 1 122 665) is recognised in the consolidated accounts and classified as an ordinary operating expense.

## Note 10 - Taxes (continued)

	Parent Company		Consolidated	
	2022	2021	2022	2021
<b>Specification of change in deferred tax:</b>				
Deferred tax asset/liability 01.01.	-83 896	819 049	1 820 060	4 464 982
Correction deferred tax 01.01.	0	0	-38 457 735	0
Change recognised in income statement	-5 002 877	-902 945	115 790 010	-2 644 922
<b>Deferred tax asset/liability 31.12.</b>	<b>-5 086 773</b>	<b>-83 896</b>	<b>79 152 334</b>	<b>1 820 060</b>

	Parent Company		Consolidated			
	2022	2021	2022		2021	
	Tax Assets	Tax Liabilities	Tax Assets	Tax Liabilities	Tax Assets	Tax Liabilities
<b>Specification of tax asset/liability effect of temporary differences</b>						
Tangible fixed assets	0	0	-13 032 144	0	-206 431	0
Pension obligations/funds	0	0	0	18 723 429	0	16 574 859
Unrealised currency gain/loss	11 331 569	11 356 024	0	11 331 569	0	11 356 024
Provisions for maintenance and classification	0	0	-16 684 968	0	0	0
Profit and loss account 31.12.	0	0	0	677 397 515	0	0
Tax loss carry-forward Canada	0	0	-3 844 559	0	-4 921 012	0
Tax loss carry-forward Norway	-34 453 265	-11 737 369	-312 010 483	0	-11 846 261	0
<b>Total 31.12</b>	<b>-23 121 696</b>	<b>-381 345</b>	<b>-341 727 595</b>	<b>707 452 513</b>	<b>-12 052 692</b>	<b>27 930 883</b>
<b>Net deferred tax asset/liability (22%)</b>	<b>-5 086 773</b>	<b>-83 896</b>		<b>79 152 334</b>		<b>1 820 060</b>

## Note 11 - Equity

	Share Capital	Other Paid-in Equity	Other Equity	Minority Interests	Total
<b>Parent Company</b>					
Equity 31.12.21	2 160 610	686 977	393 701 989	0	396 549 576
Result for the year	0	0	1 155 586 111	0	1 155 586 111
Group contribution/dividend	0	0	-140 000 000	0	-140 000 000
<b>Equity 31.12.22</b>	<b>2 160 610</b>	<b>686 977</b>	<b>1 409 288 100</b>	<b>0</b>	<b>1 412 135 687</b>
<b>Consolidated</b>					
Equity 31.12.21	2 160 610	686 977	1 565 832 964	7 109 284	1 575 789 835
Result for the year	0	0	306 155 539	576 738	306 732 277
Group contribution/dividend	0	0	-140 000 000	-356 769	-140 356 769
Currency adjustments	0	0	1 004 983	349 318	1 354 301
<b>Equity 31.12.22</b>	<b>2 160 610</b>	<b>686 977</b>	<b>1 732 993 486</b>	<b>7 678 571</b>	<b>1 743 519 644</b>

Shares owned directly and indirectly:	
J.J. Ugland Holding AS	389 961 shares
Knut N. T. Ugland	42 161 shares
<b>Total</b>	<b>432 122 shares</b>

AS Uglands Rederi's shareholders

The share capital consists of 432 122 shares with a total nominal value of NOK 2 160 610. All shares have equal rights.

J.J. Ugland Holding AS owns 90.24% of the shares in AS Uglands Rederi and prepares its own consolidated accounts.

## Note 12 - Financial market risks / Financial instruments

AS Uglands Rederi and its subsidiaries are only to a limited extent exposed to fluctuations in exchange rates since the debt, operating income and most of the expenses are in USD. In the second-hand market the bulk vessels are valued in USD.

The parent company has entered into an interest rate swap agreement related to a loan with USD 14 000 000 outstanding as per 31.12.2022, in order to secure future interest payments until 2025. The market value of this contract is NOK 14 537 870 as per 31.12.2022. Further and in order to secure future USD exchanges against NOK, it has been entered into currency option agree-

ments and forward contracts in the period up to 2025, amounting to USD 15 200 000 in total. The market value of these contracts is NOK -1 867 571 as per 31.12.2022. Neither of these effects have been recorded in the balance sheet at year end.

A subsidiary company in the Group has earlier entered into a forward contract in order to secure future exchange of USD 3 400 000 against NOK in 2023. The market value of this contract is NOK -1 518 363 as per 31.12.2022. This effect has not been recorded in the balance sheet at year end.

## Note 13 - Other financial items

	Parent Company		Consolidated	
	2022	2021	2022	2021
Currency loss (disagio)	-61 153	0	-39 773 740	-107 793
Other financial items	-395 768	-1 847 718	-700 312	-2 463 686
<b>Other financial expenses</b>	<b>-456 921</b>	<b>-1 847 718</b>	<b>-40 474 052</b>	<b>-2 571 479</b>
Currency gain (agio)	0	3 071 800	0	0
Other financial items	260 882	168 400	274 240	9 166 890
<b>Other financial income</b>	<b>260 882</b>	<b>3 240 200</b>	<b>274 240</b>	<b>9 166 890</b>

# Auditor's Report



RSM Norge AS

Frolandsveien 6, 4847 Arendal  
Org.nr: 982 316 588 MVA

T +47 38 07 07 00  
F +47 23 11 42 01

[www.rsmnorge.no](http://www.rsmnorge.no)

To the General Meeting of AS Uglands Rederi

## Independent Auditor's Report

### Opinion

We have audited the financial statements of AS Uglands Rederi showing a profit of NOK 1 155 586 111 in the financial statements of the parent company and a profit of NOK 306 732 277 in the financial statements of the group. The financial statements comprise:

- the financial statements of the parent company AS Uglands Rederi (the Company), which comprise the balance sheet as at 31 December 2022, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of AS Uglands Rederi and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2022, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

### In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

THE POWER OF BEING UNDERSTOOD  
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RSM Norge AS is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Norge AS er medlem av is a member of Den norske Revisorforening.

# Auditor's Report



## Independent Auditor's Report 2022 for AS Uglands Rederi

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to: <https://revisorforeningen.no/revisjonsberetninger>

Arendal, 24 February 2023  
RSM Norge AS

Johan Thulin Bringsverd  
*State Authorised Public Accountant*

Note: This translation from Norwegian has been prepared for information purposes only.

## Fleet as of May 2023 - Wholly/partly owned and managed vessels

Vessel Name	DW tonnes	Year built
<b>Supramax/Ultramax Bulk Carriers</b>		
MV BELITA	60 479	2017
MV CARMENCITA	58 773	2009
MV ELLENITA	57 501	2015
MV FERMITA	60 480	2020
MV ISABELITA	58 080	2010
MV JORITA	63 532	2019
MV KRISTINITA	58 105	2011
MV LIVITA	63 532	2017
MV LUNITA	57 572	2014
MV OLITA	60 495	2017
MV SARITA	63 597	2019
MV STAR NORITA	58 097	2012
<b>PSV</b>		
EVITA II	5 433	2012
JUANITA	5 456	2014
14 Vessels	731 132	

Vessel Name	DW tonnes	Year built
<b>HLV &amp; Barges</b>		
HLV UGLEN 800 t crane	2 600	1978
Barge UR 7	9 750	1999
Barge UR 8	9 750	1999
Barge UR 93	9 040	2001
Barge UR 95	9 025	2001
Barge UR 96	9 025	2008
Barge UR 97	9 025	2008
Barge UR 98	9 025	2011
Barge UR 99	9 025	2011
Barge UR 141	14 011	1993
Barge UR 171	16 800	2011
Barge UR 901	9 019	2013
Barge UR 902	9 019	2013
13 Vessels	125 114	

Vessel Name	DW tonnes	Year built
<b>Managed Vessels</b>		
MT HEATHER KNUTSEN	148 644	2005
MT JASMINE KNUTSEN	148 706	2005
MV UMIAK	31 992	2006
NORTH ATLANTIC KAIROS	3 569	2008
PLACENTIA PRIDE	N/A	1998
PLACENTIA HOPE	N/A	1998
NORTHERN RANGER	662	1986
7 Vessels	333 573	

**Total**

**34 Vessels**

**1 189 819 dwt**



MV ISABELITA before leaving drydock



## Low friction paint to reduce emissions

Our bulk carriers are now preparing for improved IMO CII rating to reduce emissions by making the underwater hull even more smooth in the water.

This is being done as they drydock and all old paint layers will be removed by using SA 2.0 standard blasting before adding a new layer of seal coat, primer and a special low friction paint.

For the time being we have chosen to either use Jotun X200 Low Friction Paint or Chugoku Seaflo NEO SL Z low friction paint.

Both systems will also improve the time a vessel can stay idle at berth or at anchorage without having trouble with marine growth and/or barnacles resulting in poor performance.

MV ISABELITA with a new coat of Chugoku Seaflo Neo SL Z Low Friction Paint after drydock in Cosco ship yard, Rui Tai Nantong

**THE MAIN PRIORITIES FOR OUR TEAM OF PROFESSIONALS ARE TO ENSURE THE SAFETY AND SECURITY OF LIFE, THE ENVIRONMENT, VESSEL AND CARGO. IN ADDITION, EMPHASIS IS PLACED ON LONG-TERM RELATIONSHIPS, SOLIDITY AND STRONG LIQUIDITY**

## Corporate Social Responsibility

### Global Compact - Communicating on Progress

HUMAN RIGHTS		(GRI Reference)
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights.	G4-HR 3, 5
Principle 2	Businesses should make sure that they are not complicit in human rights abuses.	G4-HR 3, 5
LABOUR STANDARDS		
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	G4-10, 11, G4-LA 1,
Principle 4	Businesses should uphold the elimination of all forms of forced and compulsory labour.	G4-HR 3, 4
Principle 5	Businesses should uphold the effective abolition of child labour.	G4-HR 3, 4
Principle 6	Businesses should uphold the elimination of discrimination in respect of employment and occupation.	G4-10, 11 G4-LA 1, G4-HR 3
ENVIRONMENT		
Principle 7	Businesses should support a precautionary approach to environmental challenges.	G4-EN-3, 6, 8, 15*, 19*, 21*, 23, 24
Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility.	
Principle 9	Businesses should encourage the development and diffusion of environmentally friendly technologies.	
ANTI CORRUPTION		
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	G4-SO 3

## Implementation of the UN Global Compact ten principles 2022

The most important corporate social engagement is to provide a safe, sustainable and long term business and work environment for the employees, business partners and the local community. AS Uglands Rederi (UR) supports several initiatives in various communities, believing that social engagement in communities where business is conducted,

contributes to creating shared value for both the company and society as a whole. UR is engaged in different social activities both in Norway and in the Philippines, seeking to continually renew and improve its approach to the local community.

In accordance with ISO standards, efforts to ensure continuous improvement in safety and environmental performance remain points of focus. Reducing energy consumption, thereby reducing emissions, and seeking environmentally friendly technologies are important, both for the company and its stakeholders.

Examples of focus areas and programs 2022 (continued from 2021):

- Reduction of garbage volume to shore through use of garbage compactor
- Increase sludge delivery to shore facilities; reduced incineration
- Participate in client fuel reduction incentive program
- Optimization of shore power connection and time for one of the PSV's and the HLV
- Continuous focus on reducing paper usage, through digitalized newspapers, magazines, and digitalizing filing archive (office)
- Evaluate and together with supplier chose environmentally friendly cleaning products (office)
- IMO 2020 Low Sulphur fuel transition/consequence for vessels and disconnect office oil furnace
- IMO 2023 EEXI and CII measures in place to reduce carbon intensity and able to trade internationally. To comply with EEXI requirements some vessels have installed Engine

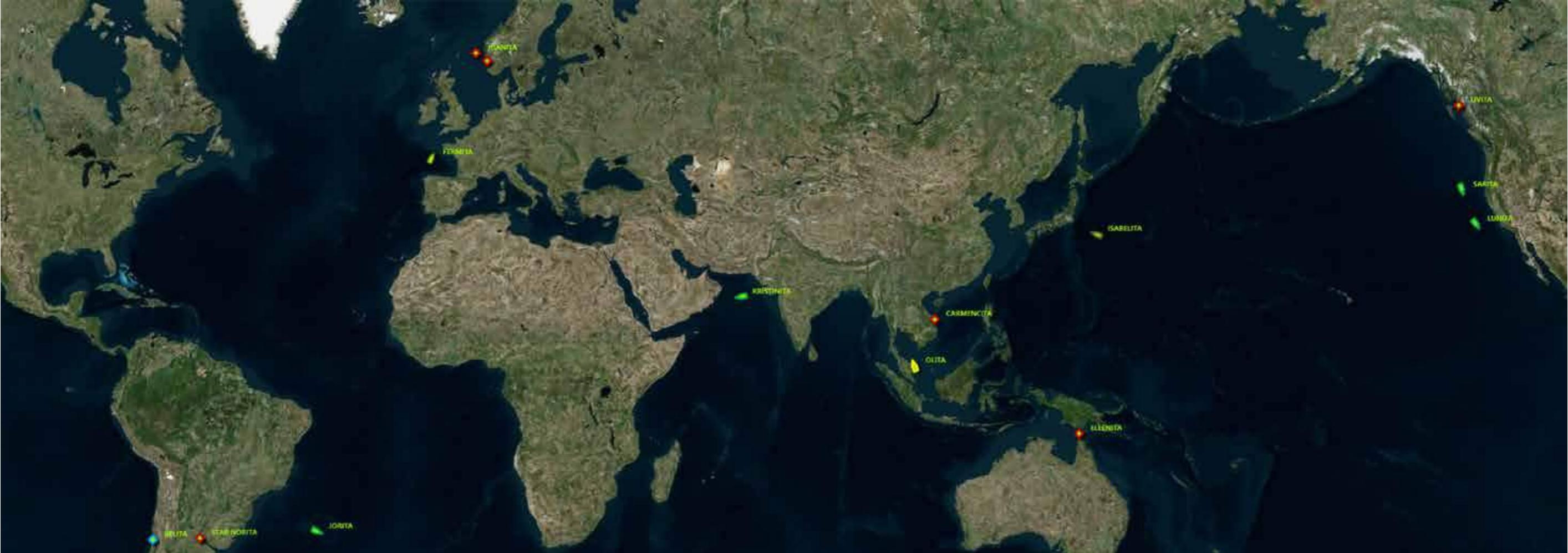
Power Limitation (EPL). For CII measures, all bulk carriers will from now on use specialized low friction antifouling. This to improve fuel consumption and also make sure they will be able to lay idle in port for an extensive period without problems with marine growth slowing the vessel. We expect that additional measures need to be implemented in the years to come as IMO regulations will intensify up to 2030 and 2050.

UR supports and respects the protection of internationally proclaimed human rights, and as a consequence, the Supplier Declaration process remains in use (a questionnaire to suppliers related to Quality, Environment, Social Responsibility, Transparency and Health & Safety). The supplier declaration provides guidance when choosing suppliers identifying those that support a precautionary Wapproach to environmental and social challenges, undertake initiatives to promote greater environmental responsibility, and encourage the development and diffusion of environmentally friendly technologies. UR through policy and procedures strives not to contribute to any kind of forced labour, child labour and discrimination in respect of employment, occupation, gender, age and culture.

UR procedures and guidelines related to averting corruption through gifts remain a focus point especially onboard the vessels.

UR continues to collaborate with The Norwegian Shipowners' Association in combating corruption on specific cases as they arise.





AS UGLANDS REDERI  
UGLAND BULK SHIPPING AS  
UGLAND BARGE SHIPPING AS  
UGLAND HEAVYLIFT SHIPPING AS  
UGLAND BULK TRANSPORT AS  
UGLAND SUPPLIER AS  
UM BULK AS  
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UGLAND KAPITAL AS  
J.J. UGLAND AS  
EYDEHAVN NÆRINGSUTVIKLING AS  
VIKKILEN INDUSTRI AS

J.M. Uglands vei 20, N-4878 Grimstad  
P.O. Box 128, N-4891 Grimstad,  
Norway  
Tel: +47 37 29 26 00  
Fax: +47 37 04 47 22  
E-mail: [jjuc@jjuc.no](mailto:jjuc@jjuc.no)  
[www.jjuc.no](http://www.jjuc.no)

J.J. UGLAND HOLDING AS,  
Oslo Office:  
Stemdalsveien 70  
N- 0370 Oslo, Norway  
Tel: +47 37 29 26 00  
E-mail: [jl@jjuc.no](mailto:jl@jjuc.no)

AS NYMO  
OCEAN VENTUS AS  
J.M. Uglands vei 14, N-4878 Grimstad  
P.O. Box 113, N-4891 Grimstad,  
Norway  
Tel: +47 37 29 23 00  
Fax: +47 37 04 30 64  
E-mail: [nymo@nymo.no](mailto:nymo@nymo.no)  
[www.nymo.no](http://www.nymo.no)  
[www.oceanventus.com](http://www.oceanventus.com)

UGLAND CONSTRUCTION AS  
UGLAND MARINE SERVICES AS,  
Stavanger Office:  
Haakon VII's gt. 8, N-4005 Stavanger  
P.O. Box 360, N-4002 Stavanger,  
Norway  
Tel: +47 51 56 43 00  
Fax: +47 51 56 43 01  
E-mail: [uc@jjuc.no](mailto:uc@jjuc.no)  
[www.uglandconstruction.no](http://www.uglandconstruction.no)

CANSHIP UGLAND LTD.  
1315 Topsail Road  
P.O. Box 8040, Station "A"  
St. John's, Newfoundland  
CANADA, A1B 3M7  
Tel: +1 709 782 3333  
Fax: +1 709 782 0225  
E-mail: [info@canship.com](mailto:info@canship.com)  
[www.canship.com](http://www.canship.com)



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